

~~RESTRICTED~~

17 March 1951

MEMORANDUM

1. The official value of the gold ruble used in conventional foreign exchange has no bearing on price levels inside the Soviet Union because the ruble cannot be redeemed in gold internally. Prices are established by the Soviet government without regard to the official exchange rate and are frequently fixed for political as well as economic motives. Varying prices are also fixed for different regions and for different classes of persons within the USSR.

2. The Soviet government has ordered several general reductions in retail prices since the war, but prices for comparable items, where obtainable, are still far higher in the Soviet Union than in the US and are substantially above 1940 levels in the Soviet Union as well. Announced prices are frequently meaningless, however, because many items are not available in retail stores.

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